

**Internal Revenue Service**

Department of the Treasury  
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Legend

Taxpayer =

Dear :

This replies to a letter ruling request dated December 5, 2007, submitted on your behalf by your authorized representative, with regard to whether the first retail sale by Taxpayer of certain mobile medical trailer units is subject to tax under section 4051(a) of the Internal Revenue Code (the Code).

Taxpayer manufactures mobile medical trailers and sells them at retail to end users. The mobile medical trailers include mobile Magnetic Resonance Imaging (MRI) units, mobile Positron Emission Tomography/Computerized Tomography (PET/CT) units, mobile Computerized Tomography (CT) units, mobile Cardiac Catherization Laboratory (Cath Lab) units, and mobile Mammography (Mammo) units. Each mobile medical trailer is specially designed to house permanently installed medical equipment that serves the trailer's intended use as an enclosed stationary shelter for providing medical examination and/or diagnostic services.

The mobile medical trailers are transported on the highways to off-highway sites. The trailers do not have compartments for carrying any loads that are unrelated to their functioning as mobile medical units. The cost of Taxpayer's mobile medical unit is significantly more expensive than a freight trailer of the same size.

The mobile medical trailers are designed to protect sensitive electronics and medical equipment while in motion. For example, all electronic equipment and electronic cabinets are bolted to mounting steel or aluminum plates that are welded to the chassis, and the trailers have a specially designed bolster plate installed on the front of each chassis to provide air-cushioning.

The chassis of each mobile medical trailer is custom designed. Further, the material used for the body of each trailer varies according to the type of medical equipment. The interior of each mobile medical trailer is divided into two sections: a control room and a scan room. The control room contains system components that support the trailer's medical system, as well as chairs and other items necessary for the operator of the equipment. The scan room houses the medical imaging equipment and a patient waiting room. The trailers include heat and air conditioning distribution systems, electrical outlets, lighting system, a self-contained generator to supply power and lighting when other sources are not available, and a water storage tank humidifier for maintaining proper humidity levels for the installed medical equipment. The interior surface areas, such as countertops, work surfaces, floors, and walls, are covered with materials that are easy to clean, durable, and in some cases, hospital grade. The trailers are equipped with lifts at the entrance that can accommodate a wheelchair.

The mobile medical trailers can be used as stand alone units, or connected to a facility at an off-highway site. The trailers can be located at the site for one or two days, one or two years, or as a permanent "wing" of a facility. They are designed to be used only at sites that are specially prepared to accommodate the designs and functions of the trailer. For example, the site facility must have a built-in concrete support pad that meets certain measurements, and must be prepared by a licensed structural or architectural engineer. The site must also meet all local, state, and federal standards because of radioactivity or magnetic gauss fields associated with operating the medical and/or diagnostic equipment installed in the trailers.

Section 4051(a)(1) of the Code imposes a tax on the first retail sale of, among other things, automobile truck chassis and bodies and truck trailer and semitrailer chassis and bodies.

Section 145.4051-1(a)(1)(2) of the Temporary Excise Tax Regulations Under the Highway Revenue Act of 1982 (Pub. L. 97-424) provides that a chassis or body is taxable only if it is sold for use as a component part of a highway vehicle (as defined by § 48.4061(a)-1(d) of the Manufacturers and Retailers Excise Taxes Regulations).

Under § 48.4061(a)-1(d)(1) of the Regulations, highway vehicle includes any trailer or semi-trailer designed to perform a function of transporting a load over public highways, whether or not also designed to perform other functions.

However, § 7701(a)(48)(B) of the Code provides that a trailer or semitrailer is not treated as a highway vehicle if it is specially designed to function only as an enclosed stationary shelter for the carrying on of an off-highway function at an off-highway site.

Taxpayer submitted a detailed letter ruling request. To complement the factual discussion, the letter ruling request included two site planning guides, an operator and service manual, and pictures and drawings of the mobile medical trailers at issue. The

information provided by Taxpayer highlights a number of specific features, including design features that protect the electronic and medical equipment while in transit, the use of different design components and materials based on the medical equipment installed in the trailer, the interior floor plan, the use of materials that do not interfere with the equipment, the cost, and the stringent off-highway site planning requirements, that indicate the mobile medical trailers meet the “specially designed” requirement of § 7701(a)(48)(B).

Accordingly, the mobile medical trailers are not highway vehicles because they are specially designed to function only as enclosed stationary shelters for the carrying on of an off-highway function at an off-highway site. Thus, the first retail sale by Taxpayer of the mobile medical trailer units is not subject to tax under section 4051(a).

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The ruling contained in this letter is based upon information and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Frank Boland  
Chief, Branch 7  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

cc: